



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MINUTES OF THE PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON
Monday, June 22, 2015
2:30 p.m.

The Arizona State Retirement System (ASRS) Investment Committee (IC) met at 3300 N. Central Avenue, 14th Floor, Phoenix, AZ 85012. Mr. Tom Connelly, Chair, called the meeting to order at 1:32 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Tom Connelly, Chair (via teleconference)
Prof. Dennis Hoffman, Vice-chair (via teleconference)

A quorum was present for the purpose of conducting business.

2. Approval of Minutes of the April 20, 2015 Investment Committee Meeting Minutes

Motion: Prof. Dennis Hoffman moved to approve the minutes of the April 20, 2015 public meeting. Mr. Tom Connelly seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved.

3. Presentation, Discussion, and Appropriate Action Regarding ASRS Investment Program Updates

Mr. Gary Dokes, ASRS Chief Investment Officer (CIO), provided the Committee with an update on his perspective on the market, ongoing activities with the Investment Management Division (IMD) and a general overview of the House Views. He noted the over/underweights of each asset class and provided the Committee with a detailed explanation of the allocation to cash due to the recent change to the ASRS Strategic Asset Allocation. He made note of the methods of which cash is distributed within the portfolio, procedural changes of the Cash Management Program, and the goals set for the program. He further recognized Mr. Dave Underwood, Assistance Chief Investment Officer, for the Investor Intelligence Award he recently received for his work on equity risk factors and their implementation within the ASRS portfolio.

Mr. Connelly inquired on the expectations of future Public Markets meetings. Mr. Dokes responded that he expects to see one to two Public Market Meetings occur between now and the end of the 2015 calendar year.

Mr. Kien Trinh, State Street Investment Analytics, presented the State Street Risk Report. He discussed the monthly reallocation summary, month-end risk profile and total plan overview exposure.

4. Presentation, Discussion, and Appropriate Action Regarding Independent Reporting, Monitoring and Oversight of the ASRS Investment Program – Includes Total Fund and Investment Performance Report Q1-15

Mr. Allan Martin, New England Pension Consultants (NEPC) Consultant, presented information on the investment performance and monitoring/oversight of the ASRS investment program. He advised the Committee his report provided the status of the Fund as of March 31, 2015, and noted the Fund's market value at approximately \$34.9 billion.

Performance results: (as of March 31, 2014)

- 8.5% (20-year annualized net return) vs. 8% (actuarial assumer interest rate.)

	Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception 06/30/75
Total Fund	2.8%	6.5%	10.4%	10.2%	7.0%	9.9%
Interim SAA Policy*	2.5%	4.4%	9.6%	9.5%	6.7%	9.7%
Excess Return	0.3%	2.1%	0.8%	0.7%	0.3%	0.2%

5. Presentation, Discussion, and Appropriate Action Regarding Total Fixed Income (Private and Public) Asset Class Presentation

Mr. Dokes provided the Committee with a brief overview of the agenda item and turned the meeting to Mr. Al Alaimo, ASRS Fixed Income Portfolio Manager, who gave his perspective on the Fixed Income asset class and provided the Committee with detailed information on the current program strategies, portfolio composition and performance.

6. Presentation, Discussion, and Appropriate Action Regarding an ASRS Risk Assessment of the Agency Investment Management Program

Ms. Lisa King, ASRS Policy Analyst, presented the Committee with an overview of the Enterprise Risk Management (ERM) Committee and its key functions in assessing risks and threats of the ASRS. She highlighted the Committee's objectives and noted the Committee's most recent focus to the ASRS Investment Management Division (IMD). She then turned the meeting over to Mr. Dokes, who elaborated on the methods used by the Committee to measure risks, and further highlighted key investment risks, threats and the ERM's assessment of them.

7. Presentation, Discussion, Update and Appropriate Action with Respect to New Investment Strategies and Industry Investment Trends

There were no requests from Trustees for this agenda item.

8. Call to the Public

No members of the public requested to speak.

9. Adjournment

The meeting adjourned at 5:06 p.m.

Respectfully submitted,

ARIZONA STATE RETIREMENT SYSTEM

Gloria Trujillo
Investment Committee Administrator

Date

Gary R. Dokes	Date
Chief Investment Officer	